

MINUTES

BOARD OF REGENTS' MEETING

January 22, 2015

I. CALL TO ORDER

Chair Randy Moore called the meeting to order at 10:00 a.m. on Thursday, January 22, 2015, at University of Hawai'i at Mānoa, 2465 Campus Road, Campus Center Ballroom, Honolulu, Hawai'i 96822.

Quorum (15): Chair Randy Moore; Vice Chair Jan Sullivan; Vice Chair Eugene Bal; Regent Simeon Acoba; Regent Dileep G. Bal; Regent Chuck Gee; Regent Pete Hoffmann; Regent Ben Kudo; Regent Coralie Matayoshi; Regent Barry Mizuno; Regent Helen Nielsen; Regent Jeffrey Portnoy; Regent Lee Putnam; Regent Michelle Tagorda; and Regent Stanford Yuen.

Others in Attendance: President David Lassner; Interim Executive Vice President for Academic Affairs, Joanne Itano; Vice President for Community Colleges, John Morton; Vice President for Legal Affairs and University General Counsel, Darolyn H. Lendio; Vice President for Budget and Finance/Chief Financial Officer, Kalbert Young; Vice President for Research, Vassilis Syrmos; Vice President for Administration, Jan Gouveia; Vice President for Information Technology and Chief Information Officer, Garrett Yoshimi; Interim UH Mānoa Chancellor, Robert Bley-Vroman; UH Hilo Chancellor, Don Straney; UH West O'ahu Chancellor, Rockne Freitas; Honolulu Community College Chancellor, Erika Lacro; Leeward Community College Chancellor, Manuel Cabral; Executive Administrator and Secretary of the Board of Regents, Cynthia Quinn; and others as noted.

II. APPROVAL OF MINUTES OF NOVEMBER 20, 2014 MEETING and DECEMBER 4, 2014 SPECIAL MEETING

Regent Mizuno moved to approve the minutes of November 20, 2014 meeting and December 4, 2014 special meeting. Regent Matayoshi seconded, and the minutes were unanimously approved.

III. PUBLIC COMMENT PERIOD

Executive Administrator and Secretary to the Board of Regents, Cynthia Quinn announced that written testimony and late written testimony had been received and distributed to the board from 12 individuals in support of fossil fuel divestment and formation of a divestment task force; from three individuals in support of the appointment of Dr. Lori Ideta as Interim Vice Chancellor for Students; and from one individual opposed to merging the System President and UH Mānoa Chancellor positions.

1. Lilikalā Kame‘elehiwa, Professor at Kamakakūokalani Center for Hawaiian Studies, read the written testimony submitted by Pui Lam in opposition to merging the System president and Mānoa chancellor positions or having a provost because the positions have different tasks and focus, and in support of conducting an immediate search for chancellor comprised of a Mānoa search committee made up of faculty, students, staff and alumni.

The following individuals provided oral testimony in support of fossil fuel divestment:

2. Dr. John Webster, former public affairs executive at IBM and KPMG, highlighted the testimony of Michael Kramer of Natural Investments and Paul Solli of Aperio Group and recognized the symbolic importance of institutions taking a principled stance on major public policy issues to affect good solutions. He noted that Mr. Kramer was an accredited financial fiduciary who supports divestment, encourages investment social guidelines, and getting rid of fossil fuel companies.
3. Dr. Mark Hixon, UH Mānoa professor, testified about witnessing first hand human caused climate destruction destroy a tropical ecosystem and the economic and social costs attributed to global warming.

The following individual testified regarding concerns over budget cuts at UH Mānoa:

4. Dr. Marguerite Butler, Associate Professor of Biology at UH Mānoa, testified regarding her concern that no direction had been received from the interim chancellor and upper administration on the budget, allocations, and planning for next year. She also supported conducting an immediate search for a permanent Mānoa Chancellor.

The following individuals provided oral testimony in support of the appointment of Dr. Lori Ideta as Interim Vice Chancellor for Students:

5. Tom Robinson, current GSO Treasurer and former GSO President, testified in support of the appointment of Dr. Ideta because of her knowledge and compassion, and also the confidence she has in the student services staff.
6. Michelle Tigchelaar, GSO President, personally testified in favor of Dr. Ideta’s appointment. She was on search committee in April/May and recognized the process was compromised, but the interim vice chancellor was a good selection. As GSO president, she meets once monthly with Dr. Ideta and has seen the personal compassion she has for students.

IV. REPORT OF THE PRESIDENT

President Lassner recognized in the audience the new Vice President for Budget and Finance/Chief Financial Officer Kalbert Young, and the VP for Information Technology and Chief Information Officer, Garrett Yoshimi. He then summarized the following major projects:

- Combining the System President and UH Mānoa Chancellor positions: He requested that Ms. Kame‘elehiwa submit written testimony and she indicated it had been submitted. He indicated that no decision had been made, and they have engaged the Western Interstate Commission for Higher Education (WICHE) to provide an assessment, and noted that WICHE had expertise on national trends and the unique environment of Hawai‘i. He said that he did not know of anyone in administration who supported merging the positions.
- Need to look at the two structures overall, beyond the president and chancellor positions, so task forces have been launched to identify improvements in the functional areas of Human Resources; Public Relations/Communications/ Government Relations; Research Innovation & Compliance; and Facilities & Construction, which are led by Vice President and Vice Chancellors. The task forces will operate independently of the discussions on the president and chancellor positions to improve effectiveness and help manage costs.

President Lassner also shared the following events and activities of the month:

- President Obama made an announcement recently about free community college tuition, specifics are pending, but proposed changes need to ensure that the neediest students can keep their Federal Pell Grants.
- Received invitation to and attended the 2nd White House College Opportunity Summit in December where speakers included President Obama, First Lady Michelle Obama, Vice President Joe Biden, U.S. Secretary of Education Arne Duncan, and Assistant to the President and Director of the Domestic Policy Council Cecilia Muñoz.
- The Cancer Center review is near completion, a public report and action plan should be available in February, which includes diverse opinions and perspectives on how to move forward.
- Work on the UH Mānoa tuition allocation scheme is slowly nearing completion and will also be made public in February. Administration will be rolling the scheme out across the Mānoa campus and be the topic of an in depth discussion with the board at a future board meeting.
- The 50th Anniversary Gala for the Community Colleges was held in November. He believed Governor John A. Burns and the Legislature were visionaries for creating the community college system and housing it within UH. The community college system has positively impacted students across the state and serves as a model for other schools across the country. An emphasis of the gala was to celebrate past leaders and current leaders who will be taking the community college system forward into the future.

President Lassner highlighted three things that have impacted the community:

- Meet Hawai‘i, a group established by the Hawai‘i Tourism Authority honored the University of Hawai‘i System with its inaugural ‘Elele Organization of the Year Award for helping bring in \$500 million worth of conference business to the state.

This was a great win for the economy, a great way to promote Hawai'i and the university, and provides a great opportunity for the entire UH System community to share what we are doing here with national and global academic and professional audiences.

- The UH Economic Research Organization (UHERO) released “The Economic Impact of Astronomy in Hawai'i” report a few weeks ago showing \$88 million in total astronomy related spending across the state, which has a total economic impact of \$168 million. In addition to contributing to output, astronomy activities generated \$52 million of earnings, \$8 million in state taxes, and 1,394 jobs statewide, with most being on the Big Island.
- “The Economic Impact of the University of Hawai'i at Mānoa Athletics Department, Fiscal Year 2013-14” report prepared by the Shidler College of Business was recently released showing the economic impact of athletics goes well beyond its \$35 million budget, with \$66 million total direct spending on labor, and goods and services, which generates \$128 million of sales, \$36.9 million of income for Hawai'i workers, \$7 million in state taxes, and 860 jobs.

President Lassner commented that things were moving forward with sustainability. Divestment from fossil fuels was part of the effort and the formation of divestment task group was on today's agenda. In addition to symbolic gestures, the university committed to an executive policy on sustainability, which will be unveiled at the 3rd Annual Hawai'i Sustainability in Higher Education Summit in February. UH and the University of Guam are cohosting the Second Annual Pacific Islands Climate Science Center (PICSC)/Pacific Islands Climate Change Cooperative (PICCC) Science Symposium in February. In addition, Hawai'i is honored to host the International Union for Conservation of Nature (IUCN) World Conservation Congress in 2016. The congress is held once every four years and this was the first time the U.S. was selected to host. Arrangements are getting underway and UH will be involved in both logistics and content.

President Lassner said UH and the Energy Excelerator cohosted the Startup Paradise Demo day at the Cancer Center on January 16 and noted that UH's participation in Hawai'i's innovation economy and economic development innovation activities is at an all time high. He recognized VP Syrmos for starting the XLR8UH program and noted the event was an organic activity of the Hawai'i start-up community.

President Lassner recognized Carole Teshima, Human Resources specialist, who received the Willard Wilson Award for Distinguished Service, in honor of her 40 year years of service to the university. He noted that he personally worked with Ms. Teshima for 30 years and she was not only a human resources expert, she has a deep understanding of policies, procedures, and data. She is a change agent, and helped implement the first online human resources system. President Lassner and Chair Moore presented Ms. Teshima with lei, a monetary award from the legacy endowment fund, and a medal.

Report of Host Campus

President Lassner introduced Interim UH Mānoa (UHM) Chancellor Robert Bley-Vroman who welcomed everyone to the Mānoa campus. He shared challenges and successes of trying to do more with less in this time of fiscal restraint. He noted that one perspective regarding efficiency was to determine how much could be done given what you have, and UHM was doing just that in certain areas. On the other hand, UHM was operating close to the bone and was at a stage that made sense to talk about deferred maintenance of academic programs as well as deferred maintenance of facilities.

Interim UHM Chancellor Bley-Vroman gave a presentation on the importance of UHM as a flagship, UHM performance, the challenges facing UHM, successes and accomplishments, and improvements being made.

Regent Gee was concerned by testimony about cutting foundational courses in mathematics and asked what was being done to protect the adequacy of those courses. Vice Chancellor for Academic Affairs Reed Dasenbrock confirmed that the deans have been told that all required courses need to be offered, which is challenging for a few colleges given the budget situation. Follow up with the deans of those colleges are planned as well as delivery of budget plans. He noted that when they became aware of biology sections being cut by the dean, the dean was directed to resurrect those sections.

V. REPORT OF THE UNIVERSITY OF HAWAI'I FOUNDATION

President Lassner noted that the written report was included in the materials and University of Hawai'i Foundation (UHF) President Donna Vuchinich was available to answer any questions. The quarterly oral presentation would be provided at the next board meeting.

VI. REPORT ON GIFTS, GRANTS, AND CONTRACTS

VP Symos reported that the first six months of the fiscal year closed at \$268 million, which is \$27 million ahead of last year, an 11% increase.

VII. COMMITTEE REPORTS

A. Report from the Committee on Academic Affairs

Committee Chair Gee reported that the Academic Affairs Committee met on January 14 to vet and act upon two academic programs changes; reviewed enrollment status of Applied Science baccalaureate programs at UH Maui College (UHMC); considered emeritus faculty title requests; and discussed accepting establishment of an endowed chair and two endowed professorships in Obstetrics, Gynecology & Women's Health at the John A. Burns School of Medicine (JABSOM).

1. UHM requested approval of a Master of Science Degree in Athletic Training, which retitles the existing athletic training specialization currently housed within the Master of Science Degree in Kinesiology & Rehabilitation Science. The programs currently exist as the Entry-Level Graduate Athletic Training Education Program (EL-GATEP) for individuals seeking certification as an athletic trainer and the Post-Professional Graduate Athletic Training Education Program (PP-AATEP) for individuals who are already certified and are interested in an advanced, research-based degree. The Commission on Accreditation of Athletic Training Education (CAATE) requires individuals entering the athletic training field must have a degree in athletic training by that specific title by academic year 2014-2015. UHM is the only one of the 25 CAATE-accredited programs not meeting the title requirement and was given until January 2015 to comply. This is a no cost request, with tremendous value to the state. The Department of Education mandated in 1987 that all public high schools must have at least one BOC certified athletic trainer, and 40% of athletic training positions in the high schools are filled by program graduates. The program also attracts a small number of students from the Asia-Pacific region, with 12 graduates since 2005.

In vetting the program, the committee raised concerns about a \$400 cost that students are responsible for buying supplies and consumables for use in practicum/lab courses. Part of the \$400 pays for membership in the professional association. The committee suggested that the department include this amount in the course fee as a matter of transparency to students.

2. UH West O'ahu (UHWO) requested approval to change from provisional to established status its Certificate in Disaster Preparedness & Emergency Management (DP&EM) program. This change in status is at no cost. The program utilizes diverse course delivery methods and could efficiently expand to meet projected enrollment demands of this growing profession. The Bureau of Labor Statistics projects employment growth of 22% by 2018 or 2,800 positions, so there is tremendous industry need and future employment opportunities for graduates.
3. UHMC reported on the Applied Business & Information Technology and Sustainable Sciences Management programs approved in academic year 2008/2009, and the Applied Engineering Technology program approved in academic year 2009/2010. The programs have small enrollment, but serve a vital community need. The programs will need to seek established status approval within the next year as all baccalaureate programs have a six year probationary period and must seek established status the following year.
4. The committee also discussed three emeriti title requests in executive session, later in the agenda today for discussion and approval.
5. Discussed acceptance of the \$4 million to establish a Kosasa endowed chair and \$1 million (\$500,000 each) to establish two endowed professorships at JABSOM.

Monies will provide salary support for the endowed chair and professors; cover travel and attendance at conferences, workshops for the chair and professors as well as other department faculty; provide support of faculty, junior faculty, fellows, residents, medical students and researchers; and support research and curriculum development.

Chair Moore called for questions on the items as they are on consent agenda; there were no questions.

B. Report from the Committee on Budget & Finance

Committee Chair Sullivan reported that the Budget & Finance Committee met on January 8 to discuss four items:

1. Climate change and investment in fossil fuel companies. There were lots of oral testimony and hundreds of written pieces testimony provided by undergraduate and graduate students, faculty, alumni and concerned community members, all unanimously in support of divestment. The GSO passed a resolution in support of divestment, and another petition in support was submitted with about 1,330 names as of that date. The 18 testifiers who spoke in strong support included: Doorae Shin, the UH System Student Sustainability Coordinator; Representative Chris Lee and Representative Nicole Lowe, Chair and Vice Chair of the House Committee on Energy & Environmental Protection; Senator Mike Gabbard, Chair of the Senate Committee on Energy & Environment; and Daniel Gould, Trustee and Chair of the investment committee at Pitzer College in Claremont, California that recently announced a comprehensive climate action plan that includes divestment of substantially all fossil fuel stock holdings from endowment. The testimony was interesting, compelling, well organized and educational for the committee.
 - a. The committee also summarized and reviewed relevant board policies that would affect and be relevant to the divestment decision. The committee is charged with responsibility to review matters related to endowment funds, and recommend to the board policies and guidelines concerning the management of the endowment fund including but not limited to performance objectives and investment guidelines. The investment goal is to seek the highest expected total return within reasonable levels of annual volatility to ensure the long term growth of the fund and the continued annual payout of not more than 5% of market value. Guidelines include the “prudent man rule.” She noted the language regarding the investment responsibility section states:
 - When the board concludes that a company’s activities or policies cause substantial social injury, the board may, among other things, “direct its investment managers to sell the securities in question within a reasonable period of time and in a prudent manner.”
 - When the board adjudges that corporate policies or practices cause

substantial social injury, the board, as a responsible and ethical investor, shall give independent weight to this factor in its investment policies.

- b. The board recently revised its policies on the mission and purpose of the university to incorporate sustainability into its mission. One of the four over-arching missions for the university is: "Within its unique geographical location, the university will serve as a leader in how it stewards the resources of the islands and the world for the benefit of all. The university shall be a global leader and model for the integration of sustainability..."
 - c. After hearing testimony and reviewing board policies, the committee voted unanimously to recommend that the board formally appoint a task group to review and recommend revisions to board policies, if appropriate, on divestment from fossil fuels and to adopt broader sustainability policies and goals for the university. The committee further recommended that the task group be comprised of students, faculty, administration and board members so the issues could be approached in the collaborative spirit of shared governance. The appointment of the task group is on the agenda.
2. UBS provided a quarterly report on the \$66 million legacy endowment fund for which the board is responsible. The fund is considerably smaller than the UHF portfolio. The portfolio was evaluated in accordance with board policies on asset allocation, specific performance tests, prohibited investments, and qualitative criteria and found to be in compliance.
 3. The history, use and distribution of the legacy endowment fund were reviewed. The president determines the annual percentage distribution, which are limited by spending guidelines specified in board policy. The 2014 total payout was \$1 million, most of which went to scholarships and a small amount to faculty and staff awards.
 4. The discussion on research indirect cost was deferred to the February committee agenda due to time constraints.

The board having no further questions, Chair Moore noted that the discussion on the task group would be taken up later in the agenda.

C. Report from the Committee on Intercollegiate Athletics

Committee Chair Portnoy reported that the Intercollegiate Athletics Committee (ICA) first met jointly on January 21 with the Committee on Personnel Affairs to discuss the salary range for the Athletic Director position in executive session. After extensive discussion, the range was set and the information provided to the Mānoa chancellor to use in negotiations with potential candidates.

The ICA then met on the following four items in open session and one item in executive session:

1. Athletics Director Ben Jay gave an update on the status of the department's budget. The \$3.5 million deficit that was projected several months ago was still expected at the end of the fiscal year despite the anticipated \$400,000 payout for UHM's share of the conference's bowl participation fees. AD Jay also informed the committee that the plan to minimize and eliminate the deficit would be forthcoming by the end of January and presented to the committee in February. The ICA reinforced to AD Jay and Interim UHM Chancellor Bley-Vroman the need to balance the department budget.
2. AD Jay reported that the latest Academic Performance Report (APR) confirmed that all programs are in compliance with minimum requirements and the performance of student athletes continues to improve. The men's basketball program could have a potential APR issue due to transfers, but there was not enough information available to make a prediction at this time.
3. Interim UHM Chancellor Bley-Vroman provided a brief report on the Athletic Director search. A committee has been appointed, ads were placed locally and nationally, and if all goes well with the timetable, the search committee is targeting presenting a nominee to the board at the end of March or mid April. The ICA reinforced the fact they would like to have an AD in place as soon as reasonably possible.
4. The ICA received the economic impact of athletics report mentioned earlier by President Lassner and hope the report will help efforts to obtain funding from entities such as HTA, which funds many athletic endeavors in the state, but nothing at UH. Given the amount of money generated by UH athletics in the state, it is hoped that HTA and the Legislature would be more interested in assisting the university in minimizing the budget difficulties of the athletic department.
5. The committee received an update on the NCAA in executive session. There was nothing new to report as UHM has yet to receive the notice of allegations letter.

D. Report from the Committee on Personnel Affairs

Committee Chair Matayoshi reported that the committee met on January 7, 14 and 21. In addition to approving salary ranges for executive and managerial (E/M) employees exceeding \$150,000, the committee also reviewed board policies on the notice requirement for termination of E/M employees and periodic faculty review, and discussed general guidelines on faculty workload and extramural support for research position salaries.

1. Administration pointed out that Board Policy Chapter 9-12II.C.2(f) is the policy regarding E/M notice requirement for termination, which states that an E/M employee employed for less than two years is entitled to three months notice, and if employed for more than two years is entitled to six months notice. The committee discussed the potential windfall of having someone getting hired one day, let go the next day, and still receive full pay for three months. Sixty percent of E/Ms are faculty with fall back positions so if terminated from the E/M position, they would go back to a faculty position. It was noted that if the E/M employee was not faculty and the university does not want them to continue in the E/M position, current policy requires that person receive full pay for three or six months. The administration said this policy was necessary for recruitment and that executives in private sector typically get severance packages. However, E/M employees are employed "at will" and while some executives might get severance packages, those at managerial level usually do not. Also, this policy does not make any distinction between termination for underperformance versus termination for criminal or other egregious behavior. Technically a person could commit a crime and still argue that they are entitled to three or six months pay. The committee asked administration to do some further research and come up with some termination for cause language that might help limit exposure.
2. Regarding periodic faculty review, administration explained that Board Policy Chapter 9-13(b) is the policy regarding periodic faculty review, which states that all faculty shall be evaluated at least every five years and delegates to chancellors the responsibility to develop evaluation procedures. In the past, this had been inconsistent and some campuses and departments did not have specific criteria or procedure. Severe deficiencies are disciplinary matters with separate due processes. The committee learned that the community colleges have developed an online system to manage these performance reviews. Most research universities have performance based on merit pay, but UHM does not. So there is less incentive to get evaluated.

Committee Chair Matayoshi emphasized the importance of having regular evaluations and noted that most employees are evaluated annually. It is helpful to the individual being evaluated and ensures the public that their funds are being well spent. To the extent that the process can be computerized, it will be less burdensome and the university should consider shortening time between reviews if this can be negotiated with union.

3. Regarding Faculty Workload, administration explained that general guidelines are set in board policy and referred to in collective bargaining contracts. The community college faculty teach 27 credit hours or the equivalent, and four year college faculty teach 24 credit hours or the equivalent. The three broad areas of equivalency include: teaching, research, and service (for school and community), which vary dramatically by field. Department chairs are responsible to deans for ensuring that workload policies are defined and enforced. The community college system is very matrixed, with every type of class and activity

assigned as an equivalency. The committee asked Administration for sample policies to see if there could be more guidelines and uniformity to ensure even handedness and accountability.

4. Extramural Support for Research Position Salaries was also discussed. Administration explains that most research positions are state funded for 9 months, and researchers are told at the time of recruitment that they need to secure extramural grants to cover their salaries for the other two or three months. Extramural funds are also used to pay non-tenured temporary research faculty, RCUH staff, and graduate students. Due to time constraints, the committee was not able to fully discuss this, but the impetus for the inquiry was to see if there should be a policy requiring researchers to bring in a certain percent of their salary through extramural funding.

E. Report from the Committee on Planning & Facilities

Committee Chair Mizuno reported that the committee had a lively meeting on January 8 and expressed appreciation to ex-officio committee members Regents Putnam, Nielsen, Acoba, Tagorda and Chair Moore for their participation. The committee discussed the consultant contract for the Daniel K. Inouye Center for Democratic Leadership (DKI Center); approval of consultant contract for various buildings, elevator modernization, phase IV – design; approval of Harbor Facilities lease for University Research Pier, Honolulu Harbor; status of housing proposals for UH Hilo and UH West O’ahu; and the process of developing non-educational lands at UH West O’ahu.

1. The matter of the consultant contract of \$5.7 million for DKI Center was referred back to committee to address questions raised by the board, which included:
 - a. The justification for proceeding with a large, costly building in light of challenging economic times. As is general practice, the Legislature funds CIP after design and when clear costs are determined. It is typical to obtain design money in one year, and construction in another. It should also be noted that the concept of design build was NOT anticipated for this project.
 - b. Concern over the rising cost of the project from \$25 million in 2013 for a 20,000 sq. ft. project to nearly 40,000 sq. ft. and estimated cost to \$50 million. The original concept design was for archival and museum purposes only; however a charrette involving key stakeholders and legislators resulted in an expansion to add classrooms and outreach spaces for democratic leadership.
 - c. Regarding building during difficult economic times, the DKI Center would address \$1.5 million of deferred maintenance for Henke Hall, address programming for current social science college courses, and incorporate value engineering principles in the design. The design phase would also provide projections for repairs and maintenance and other O&M costs.

The committee was concerned about the binding effect of the charrette; the level of legislative support; the ability to limit or constrain costs to a certain amount and not compete with other priority projects; and the impact of delaying the project to better determine legislative support.

A motion was made to approve the additional funding for design consulting with the following requirements: (1) a preliminary action to recommend approval to the board of the release of funds for design and engineering for the DKI project shall not be construed as or deemed an indication of support for the final approval of the project construction, the latter to come before the regents at a later date; (2) this preliminary approval shall be subject to further clarification of what the role and responsibilities of the university will be in securing the necessary funding to develop and construct the DKI project; (3) the design of the DKI facility will incorporate value engineering to bring the estimated cost of construction to an amount well below the present estimate of \$40 million, the scope of the project and the programming capabilities will be in line with current budget limitations and cost saving measures being imposed at UHM; and (4) if construction and development of the DKI project is given final approval, it shall be conditioned upon the establishment of an adequate reserve amount of monies for the operations, repair and maintenance of the facility.

Subsequent to the motion being carried by the committee, the UH administration determined the existence of a procedural flaw in the \$10 million legislative appropriation from the 2014 session which limits scope of the structure to 20,000 sq. ft. As such, the UH administration will work to resolve this technical problem with the Legislature. Thus, the DKI project is being deferred and will not be voted on today.

2. The matter of approving the consultant contract for elevator modernization, phase IV – design, addresses deferred maintenance of elevators on the UHM campus and will be taken up later on in the agenda.
3. The matter of approving the Harbor Facilities Lease, which the Legislature is mandating that it be moved. While this move may not be optimal for the university, the committee recommends approval.
4. The status update on student housing at UH Hilo and UH West O‘ahu was that preliminary offers have been received and will be followed by formal offers in four to six months.
5. The process for developing non educational lands at UH West O‘ahu was also discussed. Administration will be preparing a long term plan with a master developer. The first step will be securing a consultant to create a call for offers (CFO); establishing criteria and a rigorous vetting process; analyzing responses, concerns, risks; and acting as the owner’s representative in negotiations. The

estimate is that it will need four to six weeks to select a consultant, then three to six months to craft the RFP.

6. The acquisition and/or lease of the Joint Astronomy Center at Hilo was discussed in executive session.

F. Report from the Committee on Student Affairs

Committee Chair Tagorda reported that the committee met on January 7 to discuss a proposed amendment to board policy and increasing student engagement.

1. Board Policy Chapter 7-207 outlines a philosophical basis for campus provisions of clinical and mental health services, and delegates to the president or president's designee, responsibility for determining the level of clinical and mental health services as well as assuring the systemwide availability of a student health insurance plan. The policy recognizes the need for services that address the special kind of development in college life, both clinical and mental health. The committee raised concerns on the level of services being offered at different campuses and issues with insurance coverage, and requested that health promotion for wellness and disease prevention be incorporated into an executive policy to keep the students healthy. The amendments to the policy are recommended for approval on the consent agenda.
2. The committee discussed that at each board meeting, on a rotating basis, one of the recognized systemwide governance groups (Student Caucus, All Campus Council of Faculty Senate Chairs, Pūko'a Council, and a future Staff Council) would be invited to provide a maximum 10 minute update on strategic accomplishments, issues, opportunities, and challenges from their perspective. This would be similar to the president's report and host campus chancellor's report. The goal is to increase communication between the governance groups and the board. In addition, the board office will continue to schedule opportunities for informal conversations between regents and campus governance representatives. Details will be dependent on scheduling and in all cases proceedings will comply with the Sunshine Law.

IV. ITEMS FOR DISCUSSION & APPROVAL

A. Board of Regents:

1. Report on November 2014 Board Retreat

Chair Moore said this item was placed on the agenda to share comments regarding the retreat. He noted that 5 deep dive topics identified for discussion in spring were Mānoa finances; communication strategy practices; tuition and financial aid; systemwide academic program relevance and financial

sustainability; and intercollegiate athletics. The deep dives will be scheduled at either a relevant committee meeting or board meeting.

Regent Matayoshi requested that the strategic directions and metrics be integrated at the committee level to keep sight of matters that are relevant to the deep dives. She noted that the board needs to focus on the broader picture and not get bogged down on details and requested that Secretary Quinn make assignments to the appropriate committee or board.

2. Appointment of task group on divestment from fossil fuel companies and review of BOR policies on investment and sustainability

Vice Chair Sullivan made a motion that the board appoint the task group. Duties include: evaluate and recommend to the Budget & Finance Committee whether divestment would be desirable to the university, and if so, recommend revisions to the board's investment policy and a timetable for divestment; evaluate and recommend policies to address the university's sustainability practices, ensure board policies comply with the sustainability goals that are reflected in the board's current mission statement and report on these goals to the Planning & Facilities Committee; and provide a rationale and analysis for the recommendations. Powers include: meeting with UBS and others as deemed desirable to obtain necessary information; meeting with other UH groups, and contact other universities and organizations to obtain information on best practices and other necessary information. The targeted timetable would be for the task group to make recommendations on the divestment issue to the Budget & Finance Committee no later than April 30, 2015, and make recommendations on sustainability practices no later than June 30, 2015. The proposed task group members are: Joy Leilei Shih, a graduate student; Doorae Shin, the UH System Sustainability Coordinator; Joe Mobley, a faculty member; and Regents Nielsen, Tagorda, Matayoshi and Sullivan; appropriate VP or staff member from the administration would be assigned as the administrative liaison; and Regents Nielsen, Tagorda, Matayoshi and Sullivan.

Chair Moore explained that task groups are permitted interaction groups under the Sunshine Law. There is no requirement for task groups to meet in public, but any recommendations have to be presented for public input first, and then the recommendations can be acted on at a following meeting. Task groups are designed to move more quickly, but protect the right of the public to comment.

Chair Moore then called for a motion to approve the appointment of the task group as outlined by Vice Chair Sullivan. Regent Gee so moved and commented that divestment means a lot of things, it was not just fossil fuel companies, but also mutual funds with fossil fuel companies within their portfolios; which was something the task group would need to review. Chair Moore responded that all the endowment investments are in funds, so UBS will need to review and find alternative fund that are competitive in terms of returns. Regent Hoffman

seconded the motion.

Regent Putnam asked who the convener of the task group was and Chair Moore responded that Vice Chair Sullivan would chair the task group.

A motion and second to the motion having been made, Chair Moore put the motion to a vote, and it passed unanimously.

B. UH System:

1. Endorsement of Strategic Directions 2015-2021

President Lassner noted the Strategic Directions, which include the Hawai'i Graduation Initiative (HGI), the Hawai'i Innovation Initiative (HII), the 21st Century Facilities (21CF), and the High Performance Mission –Driven System (HPMS), were discussed in detail at the November board retreat, and a new version was included in today's materials. The only revision came from the board recommendation that administration explicitly address the need for financial sustainability and accountability, which was built into a High Performance Mission-Driven System goal. There were also incorporations resulting from meetings with the campuses, the Pūko'a Council, and the Leeward Community College Campus Council. The metrics for each of the four strategic directions have been updated as a result of discussions held at the retreat regarding metrics. He requested that the board approve rather than endorse the Strategic Directions, which is required by board policy.

Chair Moore recited the mission which stated: "The primary mission of the university is to provide environments in which faculty, staff and students can discover, examine critically, preserve and transmit the knowledge, wisdom, and values that will help ensure the survival of present and future generations with improvement in the quality of life." He added that the mission was noble, ambitious and essential.

Regent Matayoshi moved for approval of the acceptance of the Strategic Directions 2015-2021. Regent Kudo seconded, and it passed unanimously.

2. Discussion of State Auditor's Report on special funds and revenue bond fund

President Lassner noted that the auditor's report also covered revolving funds as well as trust funds and trust accounts. This report, which is mandated by law, is typically done every five years for every state agency. This report has absolutely nothing to do with how the university is financed or managed, but is the auditor's view of whether these funds are being managed in accord with their interpretation of the criteria. The process was routine and took about seven months to complete. The university was given the opportunity to prepare a

statement, but in their experience, it would not be included, other than to append a statement to the report. Nothing in the report impacts or reflects on the excellent teaching, learning and research taking place across the university, which is not the job of the auditor. There is nothing in the report that remotely suggests financial mismanagement or misconduct of any type. He indicated that not all of the items are within the control of the university, e.g., abolishing a special fund requires legislative action. Many other state agencies had similar reports, but the media chose to report on UH.

He acknowledged that the university overlooked providing some required reports, and effort would be put into improving responsiveness. There were also some funds that were not reported on, but were covered in the external financial audits.

In total, 17 of the 65 funds did not meet the criteria, one of which has a zero balance and was already repealed. The university had agreed to repeal six of the 17 funds, three of which were included in a bill for repeal last year that ended up getting vetoed. He acknowledged that the university did not initiate legislation to revoke the Senator Hiram Fong and Senator Oren Long funds that are in statute, given the namesakes, but the university would not object if a bill were introduced and passed. The funds are not being used so it does not impact the budget and operations.

The auditor's view of special funds is that they should be self-sustaining, and the university's view is that these funds are used to supplement the general funds. The special funds help the university so it does not need to ask for more general funds. Examples include: the conference center fund enables the university to conduct conferences on campus that serve the community and generate revenue; the athletics special fund is revenue from ticket sales gets deposited; and the student health services fund helps the university provide services.

He added that administration will continue working on this and taking appropriate action. He had a discussion with one of the committee chairs who will be introducing a bill to implement changes of the auditor's recommendations. He feels confident that the Legislature would not favor replacing all the university's sources of revenue with general funds, which was his biggest concern.

C. Consent Agenda:

1. **Board of Regents: Approval of amendments to Regents Policies 7.207 (Clinical and Mental Health Services; & Insurance)**
2. **UH Mānoa:**
 - a. **Approval of a Master of Science Degree in Athletic Training**
 - b. **Approval of Establishment of the Kosasa Endowed Chair in Obstetrics, Gynecology, and Women's Health at the John A. Burns School of Medicine**

- c. **Approval of Establishment of two Kosasa Endowed Professorships in Obstetrics, Gynecology, and Women's Health at the John A. Burns School of Medicine**
 - d. **Approval of Consultant Contract for Various Buildings, Elevator Modernization, Phase IV – Design**
 - e. **Approval of Harbor Facilities Lease for University Research Pier, Honolulu Harbor**
3. **UH West O'ahu: Request Approval to Change from Provisional to Established Status for the University of Hawai'i-West O'ahu Certificate in Disaster Preparedness and Emergency Management**

Chair Moore stated that the 7 items were already discussed in committee, and reported on by the committee chairs. Unless the members wanted to take any of the items out for further discussion, the items were now before the board by consent agenda. Having no objections by the board, Regent Kudo moved to approve and Regent Bal seconded.

Regent Nielsen thanked the committee chairs for their reports and providing the opportunity to participate in discussions and get input from the public.

The motion to approve the consent agenda having been moved and seconded, the chair put the motion to a vote and it carried unanimously. Chair Moore concurred and thanked the chairs, committee members, and the members who attended on an ex officio basis because it enables the committees to have a richer discussion.

V. EXECUTIVE SESSION

Upon motion by Regent Kudo, seconded by Regent Matayoshi, the Board unanimously approved convening in executive session, pursuant to HRS §92-5(a)(2), to discuss personnel matters. The Board convened in executive session at 12:03 p.m. Following a motion to come out of executive session by Regent Nielsen, seconded by Regent Matayoshi, which was unanimously approved, executive session was adjourned at 2:49 p.m.

The meeting reconvened at 2:52 p.m. Chair Moore stated that the board went into executive session to discuss confidential matters regarding personnel as indicated on the agenda.

VI. PERSONNEL ACTIONS

Attachments B-1 (For Approval), B-2 (For Information Only)

Chair Moore asked for a motion to approve the remaining personnel actions on Attachments B-1 and B-2. Regent Mizuno so moved. Regent Kudo seconded the motion. The motion carried upon unanimous vote.

VII. ADJOURNMENT

There being no further business, Regent Kudo moved and Regent Yuen seconded, and with unanimous approval, the meeting was adjourned at 2:54 p.m.

Respectfully Submitted,

/S/

Cynthia Quinn
Executive Administrator and
Secretary of the Board of Regents